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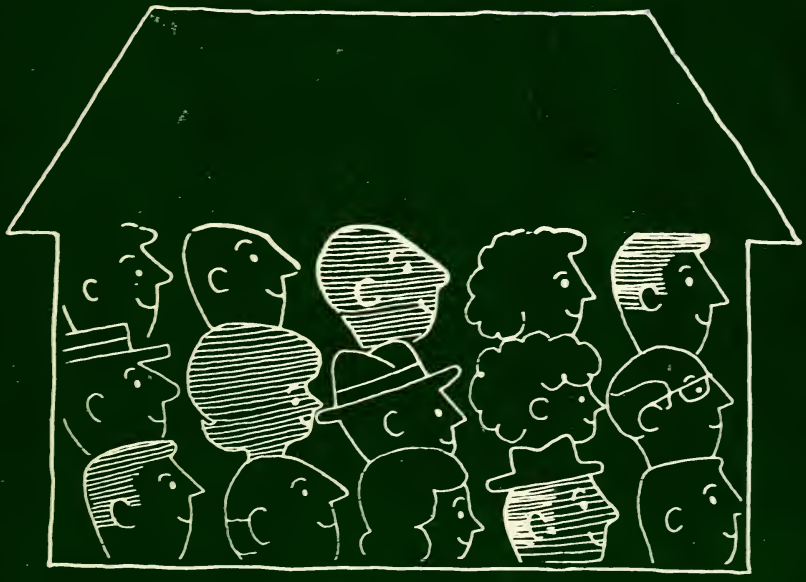
What Are Cooperatives?

CORE LIST



FCS INFORMATION 67
FARMER COOPERATIVE SERVICE ● U.S. DEPARTMENT OF AGRICULTURE

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FARMER COOPERATIVE SERVICE
U.S. DEPARTMENT OF AGRICULTURE

Farmer Cooperative Service provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The Service (1) helps farmers and other rural residents obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

The Service publishes research and educational materials and issues *News for Farmer Cooperatives*. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, or national origin.

Information 67

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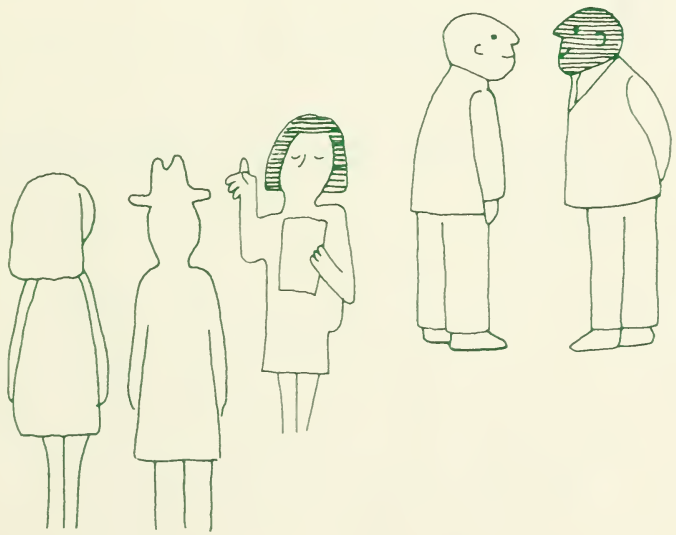
What are cooperatives?

C. H. Kirkman, Jr.
Farmer Cooperative Service

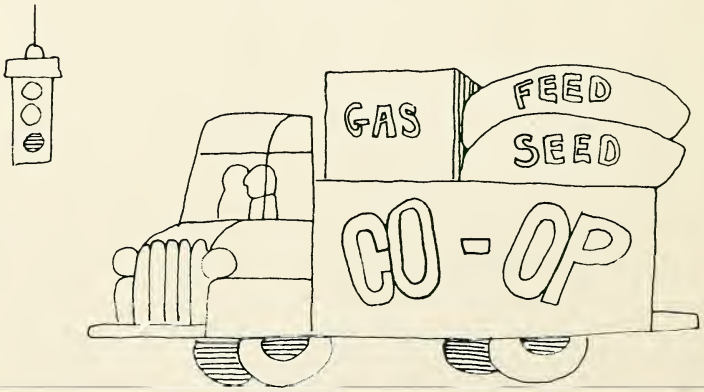
Cooperatives are voluntary business organizations formed by people.



What can cooperatives do for people?

They market what people grow or produce.

They obtain production supplies.



They provide a wide range of services.

Electric Service

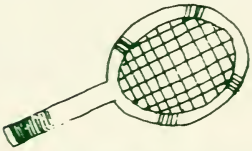
Craft Marketing Service

Health Service

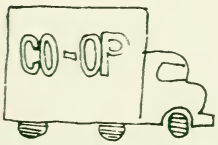
Consumer Food Purchasing

Credit Service

Housing Facilities



Recreation Facilities



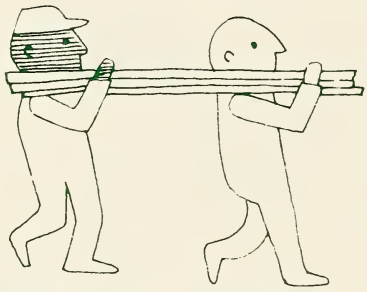
Transportation Service

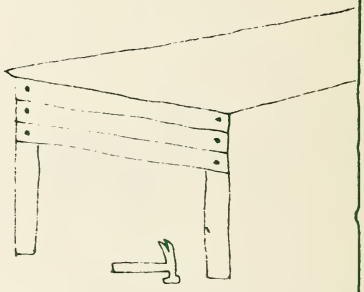
Telephone Service

Why do people start cooperatives?

Because cooperatives help people solve problems or tackle jobs too big for one man alone.

They may want to add to their income, reduce expenses, or get better services.





What does it take to have a successful cooperative?

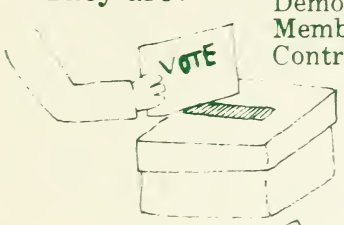
Successful cooperatives bring people together who: (1) Have a common need or problem; (2) want to do something to help themselves; (3) are willing to support the cooperative by supplying capital; and, (4) patronize the cooperative by using it when organized. In addition, a successful co-op must have competent management.

Is there anything distinctive about cooperatives?

Cooperatives have three distinguishing characteristics in common.

They are:

Democratic Member Control



Operations at cost

Limited returns on investment

In addition, while—

Other types of business firms exist to earn profits for the owners—

Cooperatives exist to provide services and savings for their owners, called members.

Who are cooperative members?

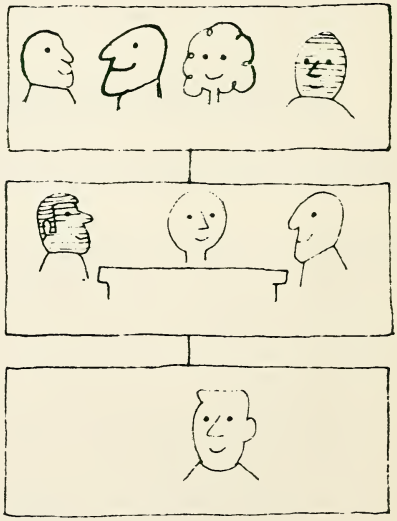
When people belong to a cooperative, they are called members.

The members own the cooperative.

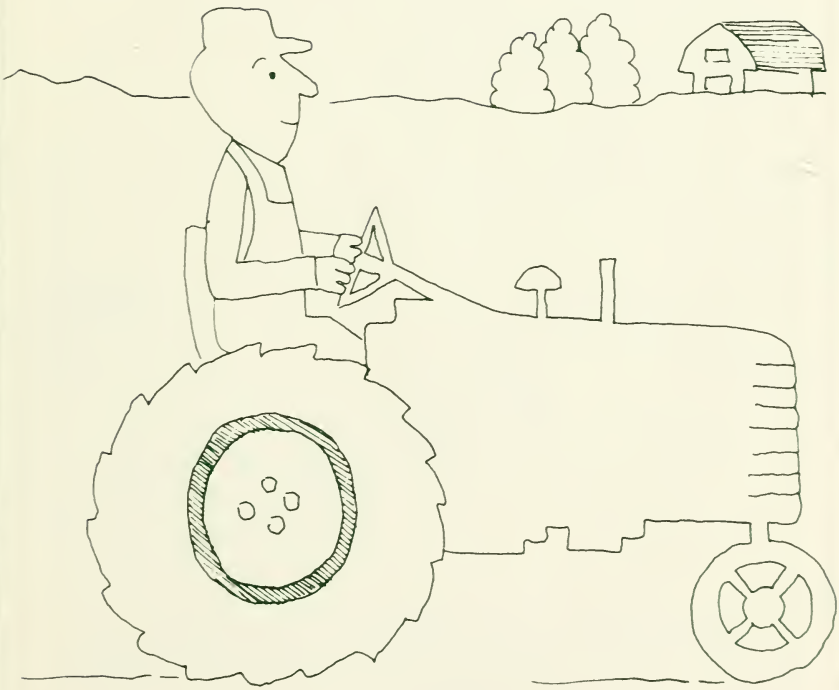
What do members do for their cooperatives?

Members finance their cooperative. If the cooperative needs more money than the members can provide, the co-op may borrow at least part of it from outside sources, such as banks.

Members control their cooperative through a board of directors, that they elect. Directors set policy and hire a manager to supervise the day-to-day cooperative operation.

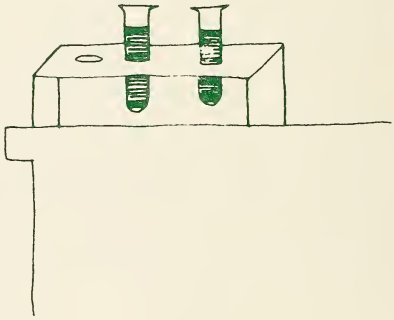


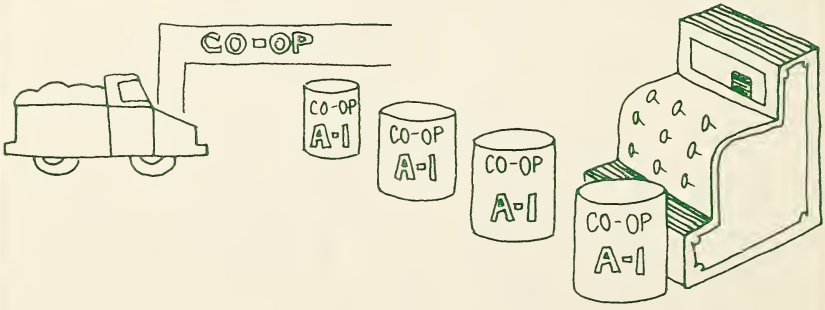
Members use (patronize) their cooperative. To the member his cooperative is a part of his equipment, just like his tractor or his telephone or his buildings and machinery.



What does the cooperative do for the members?

Cooperatives help improve the quality and reduce the cost of supplies and services members use.





Cooperatives help improve net returns to members from products they market and goods and services they provide.

To sum it up, cooperatives serve members by helping them help themselves.

*U.S. GOVERNMENT PRINTING OFFICE: 1976 621-841/FCS-5 1-3

OTHER PUBLICATIONS

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Information 72 (Also in Spanish)

Measuring Co-op Directors.
Information 73 (Also in Spanish)

What Co-op Directors Do.
Information 71 (Also in Spanish)

Manager Holds Important Key to Co-op Success.
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